



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

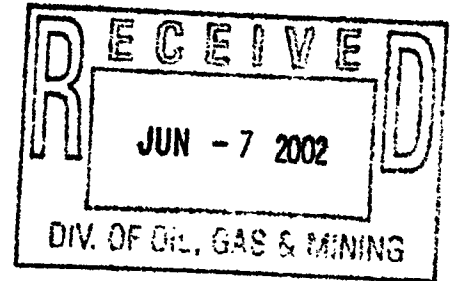
1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5340 telephone
(801) 359-3940 fax
(801) 538-7223 TTY
www.nr.utah.gov

Michael O. Leavitt
Governor

Robert L. Morgan
Executive Director

Lowell P. Braxton
Division Director

May 14, 2002



Wells Fargo Bank
5285 West 1100 North
Highland, Utah 84003
(801) 763-8019

Attention: Mardene Boren, Branch Manager

Re: Reclamation Surety, Certificate of Deposit for Cactus Mill/Gold Hill Mine Site,
M/045/049, Tooele County, Utah
Certificate of Deposit no. _____ Principal Amount \$38,800.

This letter describes the mutually agreed upon instructions of the below signed parties to Wells Fargo Bank (Bank), regarding the control, redemption, and release of Bank's above-described certificate of deposit (CD), which is being used as a surety to guarantee the availability of reclamation funds for the Cactus Mill/Gold Hill mine site (Mine Site), Tooele County, Utah. It is the intention of the parties that the CD be utilized as surety to guarantee that \$38,800 in reclamation funds will be available to the State of Utah, Division of Oil, Gas & Mining (Division) and the US Department of Interior, Bureau of Land Management upon demand in the event that the operator(s) of the Mine Site are unable or unwilling to complete reclamation of the mine site in compliance with state law and regulations including but not limited to Title 40-8-14(7), and Rules R647-4-114 & R647-5-101.

Ownership and Renewal:

Ownership of the CD is retained by Clifton Mining Company, a Utah corporation, but it is held by Bank for the benefit of the State of Utah, Division of Oil, Gas & Mining and US Department of Interior, Bureau of Land Management and is subject to the terms and conditions described in this agreement. The

CD shall automatically renew indefinitely until either redeemed or released by both the Director of the Division and the authorized officer of Bureau of Land Management.

Redemption:

The CD may only be redeemed (i.e., called on demand), pursuant to the written instruction or demand of both the Director of the Utah Division of Oil, Gas & Mining and the authorized officer of Bureau of Land Management to the Bank. Upon the instruction and demand of the Director and authorized officer of Bureau of Land Management, the full initial amount of the CD shall be transferred to the State of Utah, Division of Oil, Gas and Mining. Owners agree and irrevocably instruct Bank that neither the Owner(s), nor any other person claiming an ownership interest in the CD which is derived from the Owners, shall have the authority to prevent the Bank from carrying out the Director's instruction to redeem the CD. Upon redemption, any accrued interest in excess of the initial amount of the CD shall be transferred to Owners' control, or if Owners do not instruct the Bank, the accrued interest shall be reinvested in the CD. If a signature card is prepared, it shall be drafted consistent with the requirement that only the Director of the Division and the authorized officer of Bureau of Land Management may redeem the CD.

Before a redemption occurs due to a bond forfeiture proceeding, the owner of the CD will be formally notified by the Division and provided ample opportunity to show just cause why the CD should not be redeemed.

Release:

The bank shall release the CD only upon the written instruction of both the Director of the Division and the authorized officer of Bureau of Land Management to the Bank. Upon release, the terms and conditions of this agreement are no longer in effect, and the unconditioned control of the CD shall be returned to the Owners, or their legal successors-in-interest.


Accrued Interest:

Prior to release or redemption, all interest which accrues by the CD shall be 1) dispersed quarterly to the

Owner(s) as the Owner(s) may instruct the Bank, or 2) shall be reinvested in the CD until such time the Owner(s) may instruct the Bank where to transfer such interest. In no event shall the Bank transfer any amount from the CD which would cause the redemption amount of the CD to be less than the initial amount of \$38,800. All tax liabilities for accrued interest shall remain the sole responsibility of the Owners.

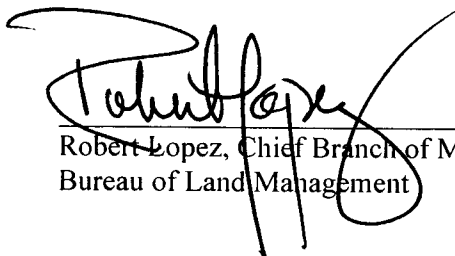
Bank will not be held liable for any dispute between the parties.

Agreed Upon By:



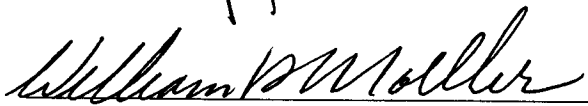
Lowell P. Braxton, Director
Utah Division of Oil, Gas & Mining

Date: 8/9/02



Robert Lopez, Chief Branch of Minerals Adjudication
Bureau of Land Management

Date: August 6, 2002



William Moeller, President
Owner: Clifton Mining Company
Tax ID Number: ..

Date: June 4, 2002



Wells Fargo Bank
Mardene Boren, Branch Manager

Date: May 28, 2002